BRITISH COLUMBIA

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- **BC's unemployment rate dropped to 6.1% in April, the lowest it's been in almost 25 years**
- **Building permits climbed 17.7% in March**
- **Room revenues fell 2.1% in January**

Labour Force

- **British Columbia's unemployment rate fell 0.4 percentage points to 6.1% (*seasonally adjusted*) in April, its lowest level in almost 25 years.** The decline was the result of a 0.6% increase in employment. There was a net increase of more than 13,000 people to BC's workforce in April, which more than outweighed the rise in the labour force (+0.1%, or 2,800 people).

  The industry contributing the most to the increase in employment was the accommodation and food sector, where 11,200 workers were added (+6.7%). Other service sector industries also experienced significant growth in employment, including education (+5.4%) and professional, scientific and technical services (+2.7%). Overall there was a net addition of 7,300 service jobs in April (+0.4%).

  The goods sector also saw employment growth (+1.3% or 5,900 jobs), led by a surge in the resource industries. Jobs in forestry, fishing, mining, oil and gas jumped 11.7%. Employment growth in the construction sector remained robust, climbing 2.9% in April. Low mortgage rates have helped boost demand for housing in the province, which has spurred residential construction, but non-residential construction is also booming, which has resulted in strong demand for construction workers.

  Data Source: Statistics Canada

- **Regionally in BC in April, unemployment rates ranged from a low of 4.1% (*3-month moving average*) in Northeast to 10.4% in Cariboo, where the jobless rate climbed back up into the double digits for the first time in ten months.** The North Coast and Nechako regions continued to struggle with double-digit unemployment as well (10.1%). The southern portion of the province fared somewhat better, particularly Thompson/Okanagan (6.2%) and Mainland/Southwest (6.3%), where rates were fairly low. However, jobs were harder to come by in Vancouver Island/Coast (7.8%), and Kootenay (8.1%). The exception on the Island was Victoria, where unemployment stood at a mere 4.9%, well below the provincial average. By comparison, the jobless rate in Vancouver was 6.3%. *Data Source: Statistics Canada*

- **Canada's unemployment rate edged down 0.1 percentage points to 6.8% (*seasonally adjusted*) in April, as employment growth (+0.2%) outpaced the expansion in the labour force (+0.1%).** The Prairies continue to post the lowest unemployment rates in the country, with Alberta (4.0%), Manitoba (4.8%) and Saskatchewan (5.0%) all recording rates well below the national average. BC (6.1%) was the only other province with a rate lower than the Canadian average. The Atlantic provinces continue to suffer the highest unemployment rates in the country, with the worst performances in Newfoundland and Labrador (16.1%) and PEI (10.4%). *Data Source: Statistics Canada*

The Economy

- **The value of building permits issued by BC municipalities advanced 17.7% (*seasonally adjusted*) in March, following strong growth in February (+22.6%).** The non-residential sector (+71.8%) was the leading factor in the construction boom, with all components going full steam ahead. The value of institutional and government building permits almost tripled (+178.8%) and the industrial sector doubled (+101.1%). Commercial permits were up 48.5% from the previous month. On the other hand, the value of residential permits was 6.1% below the February level.

  In Vancouver, permits jumped 61.1% in March. Abbotsford (+256.1%) had an even higher

Report | BC Migration-Outlook for 2005

Did you know...
In the mid-1960s, close to half of Canadian adults smoked cigarettes; by 2003, the rate had fallen to 24%, with the men's rate (27%) slightly higher than that for women (22%).

growth; however, permits in Victoria plunged 11.8%. Nationally, the total value of building permits crept up 4.9% from February, reaching $5.27 billion in March, as the value of non-residential permits reached a record-high (+38.7% to $2.34 billion). *Data Source: Statistics Canada*

- **During the first quarter, building intentions in the province were robust, increasing by 21.5% (*seasonally adjusted*) over fourth quarter 2004 levels.** Intentions for non-residential building projects (+45.4%) accounted for much of the increase, but planned residential projects (+11.4%) were also up significantly.

  Data Source: Statistics Canada

- **Planned spending on new building projects in the first quarter jumped sharply in most regions of the province.** Kootenay (+134.5%, unadjusted) and Cariboo (+90.1%) regions posted the strongest increase over the first quarter 2004, while permits in Mainland/Southwest (+15.0%), Vancouver Island/Coast (+38.2%), and Thompson/Okanagan (+72.2%) also increased substantially. The growth was weaker in northern BC, especially North Coast region, the only region posting a decline (-10.3%) in the first quarter. *Data Source: Statistics Canada & BC Stats*

Income of individuals

- **In 2003, the median employment income of British Columbians from Vancouver (-2.7% to $25,400), Victoria (-3.1% to $26,000), and Abbotsford (-2.3% to $22,400) all slumped, posting the biggest declines among the 27 census metropolitan areas in the country.** Nationally, median employment income fell 0.7% to $24,800. The highest income was recorded in Northwest Territories, as usual ($33,500), even though this was down 3.0% from 2002. Residents of Ontario ($27,400) and Yukon ($27,400) had the second highest median employment income in 2003. *Data Source: Statistics Canada*

Research and Development

- **Total research and development personnel in BC topped 15 thousand full-time equivalents in 2002, 9% of the Canadian total (177 thousand).** Ontario (46%) and Quebec (31%) had more research personnel than any other region. Most of the BC R&D personnel worked in business enterprises (9,310) and higher education institutions (5,130). *Data Source: SC Catalogue 88-001-XIE*

Libraries

- **Almost all schools in BC had a library in 2003/04 (94.7%), but at least a fifth of these were not staffed.** Of the library staff employed in the province, 55% were teacher-librarians, 15% were non-librarian-teachers, professional librarians or library technicians and the remaining 30% were clerical or other staff.

  BC had the second highest ratio of teacher librarians in the country, with 1.53 teacher-librarians per 1,000 students compared to 1.60 in PEI. Nova Scotia (0.14), Alberta (0.19) and Quebec (0.22) had the lowest teacher-librarian to student ratios.

  Although BC was among the top provinces in terms of specialized staff, it was second only to Alberta in terms of the student to teacher ratio. Oddly enough, Alberta's per capita expenditure on public schools was the highest of any province, behind only the Northwest Territories and Yukon. BC's per capita expenditures on public schools trailed the national average.

  Data Source: SC Catalogue 81-595-MIE2005028

Tourism

- **Room revenues decreased in January (-2.1%, *seasonally adjusted*), following two months of growth.** Five regions posted declines, which were especially marked in Cariboo (-18.6%), and Mainland/Southwest (-2.9%). Revenues bounced back in Northeast (+7.4%) and North Coast (+5.2%) in January.

  Virtually all accommodation types saw slower business in January. Very large hotels (251+ rooms, -8.4%), large hotels (151-250 rooms, -4.4%) and motels (-4.1%) experienced substantial losses. *Data Source: BC Stats*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Contact: Warren Munroe (250) 387-0334

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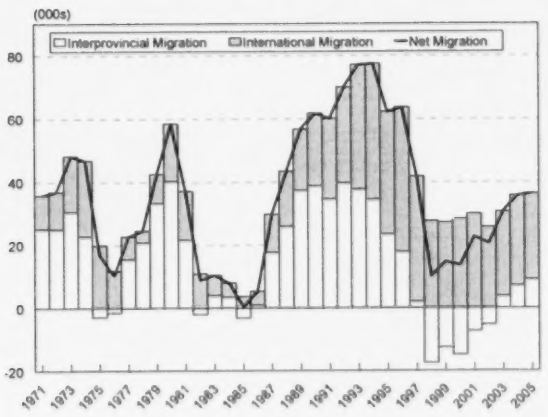
B.C. Migration—Outlook for 2005

Summary

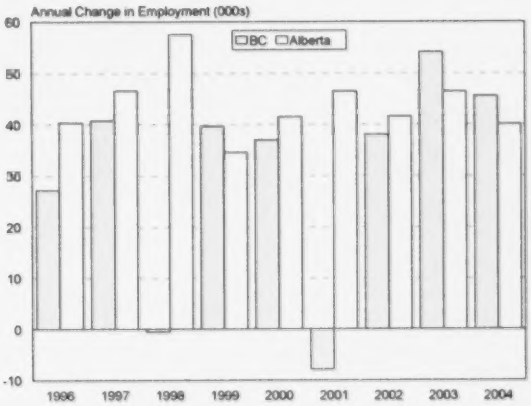
During the 2005 calendar year, the population of British Columbia is expected to increase by approximately 42,750, of which net migration from other provinces and countries is expected to contribute approximately 34,100 people. This is stronger than the net inflows of the previous five years, and is due to an improving outlook for interprovincial migration. During the course of 2005, the outflows to other provinces are expected to continue to be lower than inflows.

Net migration to B.C. is expected to increase to 34,100 people in 2005.



During the late 1980s and early 1990s, migration to British Columbia from the rest of Canada and the rest of the world exhibited large increases, reaching a peak of 77,116 persons in 1994. The large inflows of population to B.C. strengthened total consumer spending and residential investment. This increase in economic activity, in turn, created jobs and income within the province. From 1990 to 1994, B.C. had the highest rate of job creation of any province in Canada, and from 1995 to 1997 B.C.'s employment growth continued to be above the national average. However, this changed in 1998 when employment growth in B.C. dropped to 0.1% and remained below the national average until last year. During 2004, the rate of employment growth was higher than the Canadian average and amongst the highest in the country. Employment grew from an average of 2,014,200 in 2003 to an average of 2,059,700 in 2004, an increase of 45,500. This growth was higher than Alberta's but lower than Ontario's and Quebec's. Overall Canadian employment increased 284,600 or 1.8 percent, compared to BC's growth of 2.3 percent. On the other hand, the unemployment rate remained higher in BC compared to Ontario and Quebec.

The number of jobs in B.C. increased by 45,500 in 2004



Given the influence of population growth on labour markets and overall economic performance, it is important to examine what is in store for migration to British Columbia in 2005. Net migration to B.C. has been quite volatile over time. The record high net inflow during 1994 of close to 80,000 persons is in sharp contrast to the lows of 6,200 in 1985 and 6,800 in 1998, thirteen years later. This volatility is one of the reasons why it is difficult to accurately predict migration. Most researchers would agree that the first step to forecasting migration is to isolate

the factors that influence migration, then attempt to predict those factors. The task of isolating these factors is simplified by separating migration into the international and interprovincial components.

International Migration

International migration to British Columbia is largely determined by federal government policy. This forecast assumes that there will be enough people interested in coming to Canada to meet the stated federal government levels. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual immigration may exceed or fall short of the planning level. In 2004, the planning level was established for 2005 of 220,000 to 245,000 persons, the same level used for the last two years.

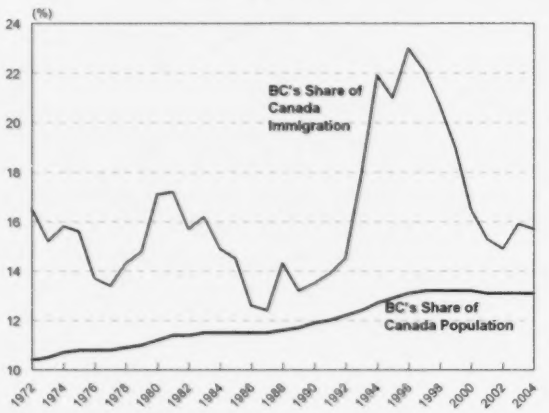
The planned immigration levels since 1990 are shown in the following table along with actual immigration to Canada and the B.C. share. The steady increase in immigration to Canada experienced since the mid-1980s levelled off to between 212,000-226,000 persons annually over the 1994-1997 period. Immigration to Canada in 1998 weakened, largely due to the conclusion of the handover of Honk Kong to China, but has since returned to mid 1990 levels.

Starting in 1993, British Columbia experienced a significant increase in its share of immigrants coming to Canada, likely resulting from the change in governance of Hong Kong. B.C.'s immigration share peaked in 1996 at 23 per cent declining to 14.8 per cent in 2002, but has since risen to close to 16%.

Canadian Immigration

Year	Planning Level (000's)	Actual (000's)	B.C. Share (%)
1990	200	214	13.4
1991	220	231	13.9
1992	250	253	14.5
1993	250	256	17.9
1994	250	224	21.9
1995	190-215	212	20.9
1996	195-220	226	23.0
1997	195-220	216	22.0
1998	200-225	174	20.6
1999	200-225	190	19.0
2000	200-225	227	16.5
2001	200-225	250	15.3
2002	210-235	229	14.8
2003	220-245	221	15.9
2004	220-245	236	15.7
2005	220-245		

B.C.'s share of immigrants to Canada was 15.7% in 2004.

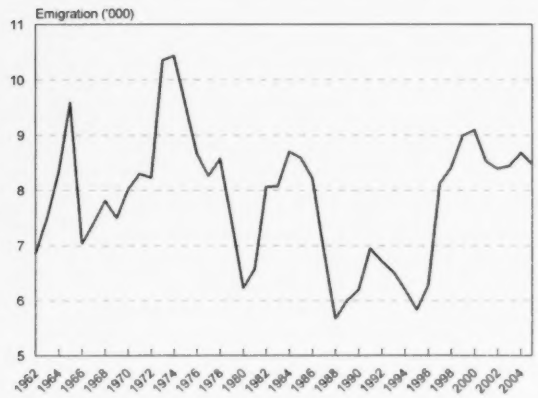


While the share of immigrants coming to BC declined marginally in 2004, the actual numbers of immigrants coming to Canada rose slightly. The number of immigrants to BC rose by close to 1,800 between 2003 and 2004, from 35,245 to 37,041 respectively. Ontario's share of immigrants has declined from 59.3% to 53.1% since 2001. Quebec, which is the only province to have responsibility for the selection of some

classes of immigrants, increased its share of immigration by 3.8 percentage points since 2001 to 18.8% in 2004.

It is likely that B.C.'s share of Canadian immigration in 2005 will again be around the 15 to 16 percent mark. It is forecast that there will be approximately 230,000 immigrants to Canada in 2005. After accounting for changes in the other components of international migration, particularly emigration, net international migration to British Columbia in 2005 is expected to be 27,185 persons, down marginally from the 28,476 estimated in 2004. The number of people emigrating from BC is difficult to measure; however, despite the increase in the number of people returning to Asia after the turn over of Hong Kong, and the burgeoning economies in Asia, it is assumed that emigration will decline marginally in 2005.

The total number of emigrants from BC is expected to decline in 2005.



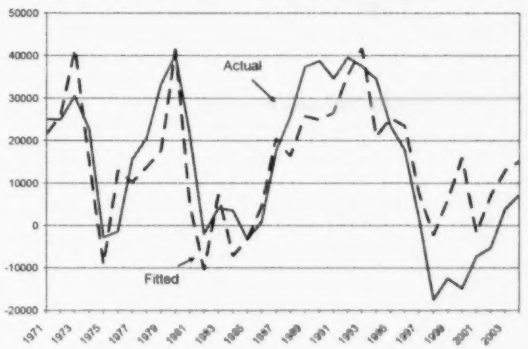
Interprovincial Migration

Unlike international migration, inter-provincial migration is not regulated directly by government policy, although it is still influenced by a wide variety of factors. Unregulated migration can be viewed essentially as a combination of "push" factors that pressure a migrant to move, and "pull" factors that attract a migrant to a particular location. Consequently, movement between provinces under this Push-Pull hypothesis results from differences in economic, social, and geographic conditions in respective areas.

Social and geographic conditions generally change more slowly than economic conditions. Hence, it is the economic factors, particularly the relative economic conditions between resource based regions and manufacturing centres, that must be considered when predicting changes to net interprovincial migration. These factors can cause interprovincial migration to swing relatively quickly from net inflows to net outflows and vice versa.

Statistical analysis indicates that over the past thirty years, fluctuations in British Columbia net interprovincial migration have been correlated with differences in the growth of the British Columbia economy relative to the rest of Canada (primarily Ontario), as measured by real Gross Domestic Product, and to a somewhat greater degree with the relative difference between the British Columbia and Alberta unemployment rates. The following chart shows that these variables, when combined in a regression equation, can predict with reasonable accuracy the actual net interprovincial migration for B.C.

Model of net interprovincial migration

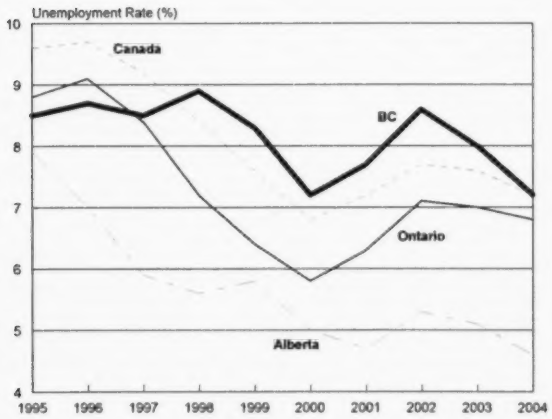


Many other economic factors likely play a role in influencing population movement (e.g. housing prices); however, in many instances empirical data on these factors are not available for a sufficient historical period to conduct statistical analysis. In addition, in order to forecast migra-

tion, consideration must be given to the practicality of forecasting the theorised determinants of migration. Both these constraints put limits on the number and type of variables considered as indicators of interprovincial migration. Consequently, the factors noted above do not uniquely describe inter-provincial migration flows, but rather are the ones that fit the criterion of statistically significant correlation with past migration flows, and have the potential to be forecast themselves.

As noted earler, the levels of interprovincial migration from Alberta, Ontario and the rest of Canada are to some degree a reflection of the relative unemployment rates. Over the last twenty years, with the exception of 1993, B.C. has always had a higher unemployment rate than Alberta (2.6 percentage points on average), and for much of that period, B.C. has been the net recipient of population from Alberta. The exceptions to this unemployment rate differential were the mid-seventies and early eighties, when the differential reached 4 to 5 percentage points. Over the last six years, the difference has been between 2.2 and 3.3 percentage points.

In 2004, the gap between unemployment rates in B.C. and Alberta narrowed.



From 1993 through 1997, B.C. had a net migration of 17,700 persons from Alberta. Between 1998 and 2003 the flow reversed and Alberta received net of 56,647 persons from B.C. This contributed substantially to the large total net inter-provincial outflows from BC of over 57,000 people between 1998 and 2003. However, for the first time in six years, BC had positive net interprovincial migration in 2003 with 2,094 more people coming to the province than leaving and in 2004, as noted previously, a positive 7,800. In 2004, the difference between Alberta and BC's unemployment rate decreased marginally from 2.9 percentage points in 2003 to 2.6 percentage points. The positive figures for net migration to BC are a result of fewer people leaving the province rather than more people arriving. Given the decrease in the net outflow in the last two years, it is anticipated that the outflow to Alberta will continue to slow during 2005.

The overall economic growth in B.C. (as measured by real GDP) recovered in 2003 and continued to be strong in 2004. Last year, the Canadian economy is estimated to have grown by 2.7 per cent, while economic indicators suggest that real GDP growth in this province was 3.3 per cent.1 Economic growth in Canada is expected to remain at 2.7% in 2005, while B.C.'s economy is expected to grow by 3.1%. As a result, the inflow of people to B.C. from other parts of the country is expected to continue to increase in 2005.

Given the above considerations, the net outflow of British Columbians to Alberta is expected to be lower and offset by net inflows from the rest of the country, resulting in a projected net interprovincial inflow of 9,000 persons in 2005, higher than the 7,080 in 2004.

[1] The figures for BC GDP are from the BC Ministry of Finance 2005/06 Budget.

Risks to the Forecast

The main risk to the 2005 migration forecast is the interprovincial component. If the economic conditions in B.C., relative to the rest of Canada improve more slowly than anticipated, the increase in net inflow of population could be reduced or reversed.

Another uncertainty is the forecast of B.C.'s share of Canadian immigration. If the share is lower than expected or the level of immigration to Canada falls below the immigration plan, then the forecast of international migration to B.C. could be too optimistic. As well, rates of emigration may not decline as expected if relative economic conditions continue to improve in other regions of the world, particularly in Asia.

Infoline

May 6, 2005

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BC at a glance . . .

POPULATION (thousands)	Jan 1/05	% change on one year ago
BC	4,220.0	1.1
Canada	32,078.8	0.9
GDP and INCOME		
(BC - at market prices)	2004	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	156,481	7.5
GDP *($ 1997 millions)*	138,783	3.9
GDP *($ 1997 per Capita)*	33,072	2.8
Personal Disposable Income *($ 1997 per Capita)*	20,002	1.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Feb	3,599	0.8
Merchandise Exports - Feb	2,671	0.7
Retail Sales - Feb	4,104	2.9
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Mar '05	% change
BC	124.1	2.2
Canada	126.5	2.1
LABOUR FORCE (thousands)		
(seasonally adjusted)	Apr '05	% change on prev. month
Labour Force - BC	2,251	0.1
Employed - BC	2,114	0.6
Unemployed - BC	137	-7.1
		Mar '05
Unemployment Rate - BC *(percent)*	6.1	6.5
Unemployment Rate - Canada *(percent)*	6.8	6.9
INTEREST RATES (percent)	May 4/05	May 5/04
Prime Business Rate	4.25	3.75
Conventional Mortgages - 1 year	4.90	4.45
- 5 year	6.05	6.15
US/CANADA EXCHANGE RATE	May 4/05	May 5/04
(avg. noon spot rate) Cdn $	1.2506	1.3728
US $ *(reciprocal of the closing rate)*	0.8027	0.7275
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Apr '05	one year ago
BC	700.56	3.6
Canada	699.65	3.0

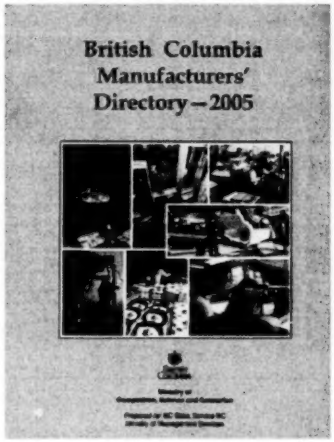
SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

2005 Manufacturers' Directory



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BC STATS, Service BC, Ministry of Management Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
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